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## Internal Auditor's Investigation of \$8,000 Theft from North High School

### Background:

Please refer to North High Theft Report by Leo E. Lewis on Page 3

### Investigation:

Internal Auditor (IA) conducted in person interviews with Leo E Lewis (North High Athletic Director (AD)), Shawn Harris-Berry (Principal of North High), and \_\_\_\_\_ on Monday May 8, 2017 about the incident. I also reviewed signed statements from \_\_\_\_\_ During my investigation, I noted several control deficiencies that directly lead to the cause of the theft as follow:

1. *Cash and checks are not stored in a secured place (school's safe)*
  - a. Cash and checks are stored in an unlocked cabinet at the main office. The cabinet is located in the back room, which is supposed to be lock at all times.
2. *Essentially, everyone in the School has access to where the cash is stored*
3. *Keys for the back room where cash are store is left in the \_\_\_\_\_ draw unlocked*
4. *Athletic Director takes cash (the small bills) to bank to change it to \$100 bills*
  - a. The rationale for doing this is that he wants to make it easier on \_\_\_\_\_ to count the cash when he brings it to the main office for deposit since most of the time they are busy.
5. *Safes at the School are not being utilized*
  - a. There are currently two safes at the school one in the backroom at the main office and one in a back storage room in the AD's office. The safe in the Main office is currently lock and no one knows the combination or its current content. The Safe in the AD's office is open; however, no one knows the combination in order use the safe.
6. *Dunbar pickups were not being done in a timely manner*
  - a. Per review of the Dunbar pick up log at the school, the last three pickups that were done was on 1/20/2017, 1/24/2017, and 4/13/2017. Note that the 4/13/2017 pickup was actually the remaining funds that was taken to the District finance department for deposit by Leo as indicated above. There has not been a Dunbar pickup at the site since 1/24/2017.
7. *Money Brought to the main office are not always process and stored in a secured place in a timely matter*
  - a. \_\_\_\_\_ stated that sometime when \_\_\_\_\_ is busy \_\_\_\_\_ does not always process the deposits right away as it comes in. The money could be place in the back room or in \_\_\_\_\_ draw until gets around to processing the deposits.

**Recommendations:**

I strongly recommend that District provide two working safes to the school, one to the AD and one at the main office. This will allow the AD to store his cash received after hours in a secured place before promptly depositing the cash the next day with \_\_\_\_\_ at the main office for Dunbar pickup. While waiting for Dunbar pickup all cash and checks received should be stored in the safe at the main office.

Only \_\_\_\_\_ at the main office should have the keys to the back room where the safe will be stored. Only the Principal and the Assistant Principal (or their respective designees) will have the combinations for the safe at the main office. This will require two individuals to place and remove money from the safe.

I also recommend the District reevaluate its current policies about Dunbar cash pickups from the different sites. At the bare minimum, pickups at the sites should be done at least once every week.

Going forward, the athletic director will not take cash from the building to a bank to consolidate into \$100 bills. His rationale for doing so is not justifiable. There are risks associated with unsecure cash in transit. That is why we have Dunbar pickups.

All keys to the back room where the cash is stored will be taken away from individuals except the \_\_\_\_\_. No spare keys will be kept at the school.

As money comes into the main office for deposits, \_\_\_\_\_ should drop what they are doing and promptly count the money and make the deposit into the safe; **NO EXCEPTIONS**